

Case No.

940

Application, Transcript,
Small Exhibits, Etc.

CASE 940: Angels Peak Oil Co. & Congress Oil
Co. application for 192.97 MS drilling & gas
production unit, Nulcher Kutz-PC

BEFORE THE
Oil Conservation Commission
SANTA FE, NEW MEXICO
August 17, 1955

IN THE MATTER OF:

CASE NO. 939 & 940 Consolidated

TRANSCRIPT OF PROCEEDINGS

ADA DEARNLEY AND ASSOCIATES
COURT REPORTERS
605 SIMMS BUILDING
TELEPHONE 3-6891
ALBUQUERQUE, NEW MEXICO

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
August 17, 1955

IN THE MATTER OF:

Application of Angels Peak Oil Company for approval of a 190.89 acre non-standard drilling and gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool, to consist of W/2. W/2 E/2 of fractional Section 12, Township 28 North, Range 11 West, San Juan County, New Mexico, and to be dedicated to applicant's Angels Peak Well #18, 990' from the south and west lines of said Section 12.

Case No. 939

Application of Angels Peak Oil Company and Congress Oil Company for approval of a 192.97 acre non-standard drilling and gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool, San Juan County, New Mexico, to consist of E/2 E/2 of fractional Section 12, Township 28 North, Range 11 West, and the W/2 of fractional Section 7, Township 28 North, Range 10 West, and to be dedicated to a well yet to be drilled.

Case No. 940

Consolidated.

BEFORE:

Honorable John F. Simms
Mr. E. S. (Johnny) Walker
Mr. William B. Macey

TRANSCRIPT OF HEARING

MR. MACEY: The next case on the docket is Case 939.

MR. GRENIER: May it please the Commission, Cases 939 and 940 each relate to requests for approval of non-standard drilling and gas proration units. They are adjacent tracts and many of the facts are common thereto. If the two cases might be consolidated, I think we would save time and not have to duplicate testimony.

MR. MACEY: Is there objection to consolidation of Cases 939

940, for the purpose of making the record. If not, let the record show the cases were consolidated and the witness sworn in both cases.

MR. GRENIER: A. S. Grenier, appearing for Southern Union and Angels Peak Oil Company, and Congress Oil Company.

A. M. W I E D E R K E H R .

called as a witness, having been first duly sworn, testified as follows:

DIRECT EXAMINATION

By MR. GRENIER:

Q Mr. Wiederkehr, will you state your name for the record?

A A. M. Wiederkehr.

Q What is your position?

A Manager of Exploration, Southern Union Gas Company.

Q The applicants in these cases are what companies?

A Angel Peak Oil Company and Congress Oil Company.

Q What is the relationship of those two companies to Southern Union Gas Company?

A They are independent companies in which Southern Union controls the major portion of the stock, and Southern Union operates the companies.

Q They are subsidiary companies of Southern, which Southern Union operates through its own staff?

A That is correct.

Q So, you are serving in the same capacity in these companies as you are for Southern Union Gas?

A That is right.

Q Have you testified previously before this Commission?

A I have.

MR. GRENIER: Are the witness's qualifications acceptable?

MR. MACEY: They are.

Q Describe for us, if you will, what the two units are that are proposed in these two cases?

A In Case 939, this case involves Angel Peak Oil Company's Well Number 18, which is located in the west half of fractional Section 12, Township 28 North, Range 11 West. Fractional Section 12 is somewhat smaller than a normal section, due to the land survey, and the quarter section which would normally be attributed to a Pictured Cliffs well in this area, contains considerably less than the normal 160 acres; in this case, 127.48 acres.

The second case, 940, has to do with a well, which at the time of our application was to be drilled, and which well at the present time has been completed in the east half of the east half of Section 12.

Q That is the same Section 12?

A That is the same section. One well being in the west half of the west half and the other in the east half of the east half. This particular quarter section, or as it happens to be in this instance, half section, contains 126.6 acres, which is still below the normal 160 acres usually attributable to Pictured Cliff Wells.

Q That is the east half of Section 12?

A That is correct.

Q Which contains in effect, what would be the south half of the south half of the normal size section, plus a small additional amount above that?

A Small lots above that.

Q Four small lots above that. The two units proposed, the one in 939 consists again of one

A The proposed units consist of the west half of Section 12 and the west half of the east half of 12.

Q In 940?

A Would be the east half of the east half of 12 and the west half of Section 7, Township 28 North, Range 10 West.

Q Have you prepared plats, Mr. Wiederkehr, to show the outline of these two proposed units?

A Yes, I have.

Q In relation to existing wells?

A Yes, we have.

MR. GRENIER: Mark Exhibit No. 1 in Case 940 and Number 2 in Case 939.

(Marked Exhibits Nos. 1 and 2, for identification.)

Q Referring to the unit proposed in Case Number 939, that is to say the west three quarters of this fractional section 12, is there any established proration unit presently in effect for that well that is located on that unit?

A Yes, when prorationing went into effect in the San Juan Basin, we applied for a non-standard unit at that time, asking for the west half of Section 12 to be designated as the unit. This was approved on March 15, 1955, NWU Order Number 5.

Q That was the Commission's Order NWU-5?

A Right.

Q An administrative order?

A That is correct.

Q Has there been any specific order of the Commission, either administrative or otherwise, affecting the remainder of the acreage here involved? That is, the east half of the east half of 12 and

the west half of the adjoining Section 7 in the next township?

A No.

Q Why is it now desired, Mr. Wiederkehr, to expand the unit established in Administrative Order NWU-5 so as to take in the west three-quarters instead of the west half of Section 12?

A Due to additional drilling and new completion practices we have decided that the remainder of our acreage there in this particular location is productive, and we have at the same time been able to see the allowables that are granted under its present acreage allocation, and we have production history from the well to show that its capacity exceeds the allowable granted under this smaller unit, and in order to drill as few wells as possible to drain the given area, we wish to enlarge this unit to 190 acres, and set up another unit of approximately 190 acres in order that two wells might cover this particular acreage. And, at the same time, by doing that we will not have to drill additional wells, spend an additional twenty to thirty thousand dollars to recover no more gas than can be recovered by these two.

Q First of all, what is the designation of the well in the west half of the west half of 12?

A Angel Peak Unit Number 19.

Q Number 19 or 18?

A In 12, 18.

Q What is the designation of the recently completed well in the east half of the east half of 12?

A Angel Peak Number 19.

Q In your opinion, will the Angel Peak Number 18 Well be capable of efficiently and economically draining without waste the entire

revised proposed unit?

A I think it will. Its capacity would indicate it would.

Q Will it be able to produce the expanded allowable which would be granted to it if three-quarters of a section were set up as a new drilling pattern?

A On the present allowable basis it would. The present allowable with 126 acres is approximately two million a month. The records have indicated it has produced eight million per month.

Q That would make an allowable of three million per month.

A Right.

Q Which would be covered by the wells known?

A It has produced twice that amount.

Q As to the Angels Peak Number 19, which is on the unit proposed in Case 940, how about that well's capabilities?

A We do not have an official test on it, but the gauge initially upon completion showed an initial potential of some two and a half million, which is comparable to the initial on Angels Peak No. 18.

Q In your opinion, will that well be capable of efficiently and economically draining the entire area in the proposed unit?

A I think it will.

Q In your opinion, may the entire area comprising these two proposed units be reasonably presumed to be productive of oil and gas, or gas?

A Due to the development around the area, I would say it will be productive.

Q Of gas?

A Yes.

Q From what formation?

A Pictured Cliffs.

Q Have offset operators been notified, Mr. Wiederkehr, of these applications?

A Yes, they have.

Q Who are they?

A Kutz Canyon Oil and Gas Company on the east, Aztec Oil and Gas Company on the west, Pubco Development, Inc. own the north and Texas Company own the north, and then two independents, a Charles T. Campbell and Robert Mims and A. J. Flag.

Q All of those parties have been notified by registered mail, is that correct?

A That is correct.

Q Have answers been received back from any of them approving the proposed unit?

A Yes, we have answers back from the Texas Company, from Aztec Oil and Gas Company and Pubco Development Company, Inc.

MR. GRENIER: We would like to have marked as Southern Union Gas Company's Exhibits 3, 4 and 5, these letters from Texas Company, Aztec Oil and Gas Company, and Pubco Development Company, Inc., respectively, indicating a consent to the proposed unit.

(Marked Southern Union Gas Company's
Exhibits 3, 4 and 5, for identification.)

Q Nothing has been heard from any of the other operators, is that correct?

A No, we have no correspondence from the rest of the operators.

Q Do you have any further comments that you would like to make in this case?

A Only to say that the Well No. 19 which was not drilled, but

has been drilled since our application, was so located that in the event the Commission deems it not advisable to approve the unit, we are still in position to produce it as a half section or a 126-acre unit. In other words, we didn't presume --

Q (Interrupting) You are not suggesting to the Commission they do that?

A We didn't presume they would automatically okay it, the well is so located. We feel an additional well in the area would be required if these are not approved, and the additional well would be the additional expenditure of some twenty-five thousand dollars of money that is not called for. We think it economic waste.

MR. GRENIER: We have no further testimony in these cases, but would like to ask that Southern Union's Exhibits 1 through 5 be accepted.

MR. MACEY: Without objection they will be received. Any question of the witness?

CROSS EXAMINATION

By MR. NUTTER:

Q To what do you account the productivity of the west half?

A In the northeast quarter of Section 18 there is a completed well which is east of the west half of Section 7 and then there is production to the south of it and to the west of it. We do not have any production to the north of it, but the west half of the southwest quarter was just purchased by Pubco Company on the July 19th sale, to give them a drilling block.

Q Which acreage was that?

A The west half of the southwest quarter of Section 36 to the north was just recently purchased. It was open acreage. It belonged

to the State until the 19th of July, so it could not very easily have been drilled. We have no conclusive proof that it is productive to the north, but we do have production to the west and to the south and to the southeast.

MR. GRENIER: The indicated opinion of someone else that they think it is worth bidding on.

MR. MACEY: Anyone else have a question of the witness?

By MR. RIEDER:

Q My question is based on the fact it will require a pool extension, as the west half of the Section 7 is outside the pool limits. It will require the extension, and it will require the Commission to have some basis for extension.

A I did not bring the contoured map. I think if the Pictured Cliffs is contoured, you will find the contour running from Kutz Canyon No. 1 Kutz in the northeast quarter of 18 will include the west half of Section 7. That would show it would be productive. As I stated earlier, the reason we didn't drill in the west half of Section 7 is because we didn't know if you were going to approve this unit or not.

MR. MACEY: Anyone else? If not the witness may be excused.

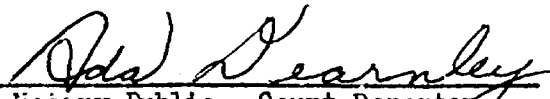
(Witness excused.)

MR. MACEY: Does anyone have anything further in these cases? If nothing further we will take the cases under advisement.

STATE OF NEW MEXICO)
: ss.
COUNTY OF BERNALILLO)

I, ADA DEARNLEY, Court Reporter, do hereby
certify that the foregoing and attached transcript of proceedings
before the New Mexico Oil Conservation Commission at Santa Fe,
New Mexico, is a true and correct record to the best of my
knowledge, skill and ability.

IN WITNESS WHEREOF I have affixed my hand and notarial
seal this 19th day of August, 1955.


Notary Public, Court Reporter

My Commission Expires:

June 19, 1959

Memo

From Sam Miller

Re Case 940

To Jack Gurling

Believe we ought to go along with Angels Peak on this request. There's some question as to whether all the acreage is productive or not but I don't believe the doubt can substantiate a denial of their request.

As the shaded area on their plat indicates, ~~the~~ Southern Union and its subsidiaries own leases on practically all the acreage around the well and they're not going to hurt anybody by getting the free 192-97 acres as requested.

(over)

Although the well had not been drilled at the time the application was made and consequently they did not request that the proration unit be assigned to a well, we can in the order assign the 192.97 acre proration unit to the Angel Peak Oil Co Angel Peak No 19, if we make special recognition of the fact that although no request for said assignment was made because no well had yet been drilled, the well has now been completed as a producing well and said unit is hereby assigned to it.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

October 19, 1955

C
O
P
Y

Angels Peak Oil Company &
Congress Oil Company
Burt Building
Dallas 1, Texas

Gentlemen:

We enclose a copy of Orders R-697 and R-698 issued October 13, 1955, by the Oil Conservation Commission in Cases 939 and 940, respectively, which were heard at the August 17th hearing.

Very truly yours,

W. B. Macey
Secretary - Director

WBM:brp
Encls.

ANGELS PEAK OIL COMPANY
CONGRESS OIL COMPANY
SUMMIT OIL COMPANY

MURT BUILDING
DALLAS 1, TEXAS

September 23, 1955

New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

In re: Case No. 940

In the application of Angels Peak Oil Company and Congress Oil Company in the above numbered case for approval of a non-standard drilling and gas proration unit, it was stated in paragraph (5) that in the event the application is approved the applicants are prepared to enter into communitization and operating agreements in standard form, constituting the 192.97-acre tract involved as a communitized unit and designating Congress Oil Company as the operator thereof.

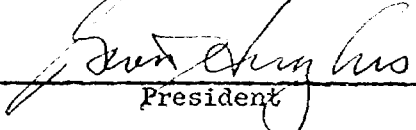
The proposal just referred to to make Congress Oil Company operator of the unit stemmed from the fact that Congress will be contributing approximately twice as much acreage to the unit as Angels Peak. Since filing of the original application, however, it has come to our attention that making Congress the operator might result in some confusion because of the fact that the well recently completed on the proposed unit has been designated as the Angels Peak No. 19. In order to avoid any such confusion, as well as to eliminate the paper work involved in a change of name, we now feel it preferable, when the communitization and operating agreements are signed, to designate Angels Peak rather than Congress as the operator.

Inasmuch as no order has yet been issued in Case No. 940, we will appreciate your filing this letter as part of the record in that case. Please let us know promptly if anything further, such as a formal supplement to or amendment of our application, will be necessary in order to make Angels Peak the operator.

Yours very truly,

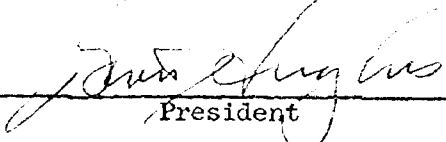
ANGELS PEAK OIL COMPANY

By


President

CONGRESS OIL COMPANY

By


President

R I O W



R 10 W

Case 940 Exhibit 1

9/22/55-

Cyprus has lease on W/2 Sec 7
Angel has E/2 E/2 two grants
fed leases.

Pyrene to country in July

In July will grant July 8 grant
of country of USAS.

SFE OCC
SEPT 2

NUTTER TO ARNOLD

PLEASE ADVISE IF ANGEL PEAK OIL COMPANY ANGEL PEAK NO 19 IN SEC 12
28 N 11 W WAS DRILLED ON IDENTICAL LOCATION AS REPORTED ON FEDERAL
NOTICE TO DRILL.

END OR GA

MIN PLS

ARNOLD TO NUTTER

WE WILL HAVE TO COME BACK LATER ON THIS.

990 FEET FROM THE NORTH LINE AND 990
FEET FROM THE EAST LINE OF PARTIAL SECTION 12.

109 FEET FROM THE SOUTH LINE AS THE SURVEYORS PLAT
SHOWS THE SECTION TO BE 208 FEET FROM NORTH TO SOUTH. THIS PUTS
THE WELL IN UNIT P THE WAY IT WAS PLANNED. IF IT HAS BEEN MOVED WE
KNOW NOTHING OF IT

END OR GA

NUTTER TO ARNOLD
ON NOTICE OF INTENTION TO DRILL ON ANGELS PEAK NO 19
THEY PLANNED A 990 LOCATION AND WE JUST WANTED TO CONFIRM IF IT HAD
BEEN DRILLED WHERE IT HAD BEEN PLANNED

MIN PLS

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
ANGELS PEAK OIL COMPANY AND CONGRESS)
OIL COMPANY FOR AN ORDER GRANTING AP-)
PROVAL OF AN EXCEPTION TO RULE 6(A) OF)
THE SPECIAL RULES AND REGULATIONS FOR)
THE FULCHER KUTZ-PICTURED CLIFFS GAS)
POOL IN ESTABLISHMENT OF A NON-STANDARD)
DRILLING AND GAS PRORATION UNIT OF)
192.97 CONTIGUOUS ACRES CONSISTING OF)
THE $E\frac{1}{2}$ OF THE $E\frac{1}{2}$ OF FRACTIONAL SECTION)
12, TOWNSHIP 28 NORTH, RANGE 11 WEST,)
AND THE $W\frac{1}{2}$ OF FRACTIONAL SECTION 7,)
TOWNSHIP 28 NORTH, RANGE 10 WEST,)
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO.)

CASE NO. 940

APPLICATION

Angels Peak Oil Company (herein referred to as "Angels Peak"), a New Mexico corporation with its principal place of business in the Burt Building, Dallas 1, Texas, and Congress Oil Company (herein referred to as "Congress"), a Colorado corporation with its principal place of business at the same address as Angels Peak, hereby make application to the Commission for an order granting approval of an exception to Rule 6(A) of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, promulgated by the Commission in its Order No. R-565, as amended, in establishment of the non-standard drilling and gas proration unit described herein below; and in support of such application Angels Peak and Congress respectfully state and show the following:

- (1) The non-standard drilling and gas proration unit for which approval is sought herein consists of 192.97 contiguous surface acres substantially in the form of a rectangle, and consists of the $E\frac{1}{2}$ of the $E\frac{1}{2}$ of fractional Section 12,

Township 28 North, Range 11 West, and the $W\frac{1}{2}$ of fractional Section 7, Township 28 North, Range 10 West, N.M.P.M., San Juan County, New Mexico.

(2) The non-standard size of the tract is due to a variation in legal subdivision of the U. S. Public Lands Surveys.

well has now been drilled; Angels Peak Oil Co. Sept 1941 No. 11
(3) Although no well has yet been drilled on the proposed unit, it is the opinion of Angels Peak and Congress that *located 170' ENE & 110' EEL partial Section 12, T 28 N,* the entire non-standard drilling and gas proration unit applied *R 11 W, NMPPM, San Juan County, New Mexico.* for herein may reasonably be presumed to be productive of gas

from the Pictured Cliffs Formation.

(4) In the opinion of Angels Peak and Congress, the drilling of more than one well on the land allocated to the proposed unit will not be economically justified.

(5) Angels Peak is the owner of the leasehold interest in the $E\frac{1}{2}$ of the $E\frac{1}{2}$ of Section 12, Township 28 North, Range 11 West, and Congress is the owner of the leasehold interest in the $W\frac{1}{2}$ of Section 7, Township 28 North, Range 10 West. In the event this application is approved by the Commission, Angels Peak and Congress are prepared to enter into communitization and operating agreements in standard form, constituting the non-standard drilling and gas proration unit herein proposed as a communitized unit and designating Congress as the operator thereof.

(6) So far as is known to Angels Peak and Congress, the only operators other than Angels Peak and Congress owning an interest in any of the acreage offsetting the proposed unit are as follows:

A. J. Flagg
4397 Detroit Avenue
Oakland, California

Charles T. Campbell
450 Holmes Street
Bettendorff, Iowa

Harry Cooley and
Doris M. Cooley
1920 Kendall Avenue
Madison 5, Wisconsin

Robert Mims
1105 Reserve Loan
Life Building
Dallas, Texas

The Texas Company
P.O. Box 1720
Fort Worth, Texas

Kutz Canon Oil and
Gas Company
U. S. National Bank Bldg.
Denver, Colorado

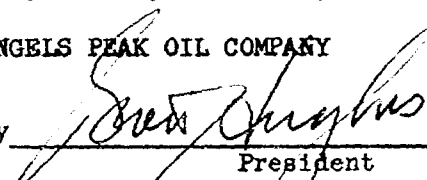
Attached hereto are true and complete copies of letters mailed today under registered cover to each of the aforesaid operators. As to the $W\frac{1}{2}$ of the $SW\frac{1}{4}$ of Section 36, Township 29 North, Range 11 West, Angels Peak and Congress are advised that these are state lands which are being offered for lease as a part of Tract No. 0-24 at the sale of July 19, 1955. Promptly following said lease sale on July 19, 1955, Angels Peak and Congress will deliver a copy of this application by registered mail to the successful bidder on said lands.

WHEREFORE, premises considered, Angels Peak and Congress pray that the Commission, after such hearing and upon such notice as the Commission may direct, issue its order granting approval of the non-standard drilling and gas proration unit herein proposed.

Respectfully submitted,

ANGELS PEAK OIL COMPANY

By


President

CONGRESS OIL COMPANY

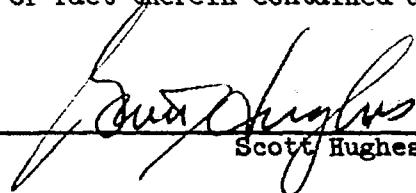
By


President

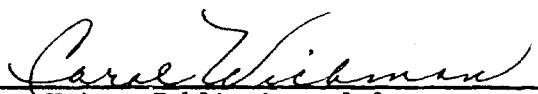
asg

THE STATE OF TEXAS)
COUNTY OF DALLAS)

Scott Hughes, being first duly sworn, hereby states that he is President of Angels Peak Oil Company, one of the applicants in the foregoing application; that as such officer he has executed said application on behalf of Angels Peak Oil Company; that he has read said application and, to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct.


Scott Hughes

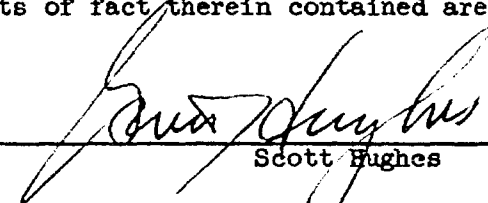
SWORN TO AND SUBSCRIBED before me, the undersigned authority, this 12th day of July, 1955.


Notary Public in and for
Dallas County, Texas.


CAROL WICHMAN
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1957.

THE STATE OF TEXAS)
COUNTY OF DALLAS)

Scott Hughes, being first duly sworn, hereby states that he is President of Congress Oil Company, one of the applicants in the foregoing application; that as such officer he has executed said application on behalf of Congress Oil Company; that he has read said application and, to the best of his knowledge, information and belief, all statements of fact therein contained are true and correct.


Scott Hughes

SWORN TO AND SUBSCRIBED before me, the undersigned authority, this 15th day of July, 1955.


Notary Public in and for
Dallas County, Texas.

CAROL WICHMAN
Notary Public, Dallas County, Texas
My Commission Expires June 1, 1957.

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF THE STATE OF NEW
MEXICO FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 940
Order No. R-698

THE APPLICATION OF ANGELS PEAK
OIL COMPANY AND CONGRESS OIL
COMPANY FOR AN ORDER GRANTING
APPROVAL OF AN EXCEPTION PURSUANT
TO RULE 6 (a) OF THE SPECIAL RULES AND
REGULATIONS FOR THE FULCHER KUTZ-
PICTURED CLIFFS GAS POOL OF ORDER NO.
R-565 IN ESTABLISHMENT OF A NON-STANDARD
GAS PRORATION UNIT OF 192.97 CONTIGUOUS
ACRES CONSISTING OF E/2 E/2 OF FRACTIONAL
SECTION 12, TOWNSHIP 28 NORTH, RANGE 11
WEST AND W/2 OF FRACTIONAL SECTION 7,
TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM,,
SAN JUAN COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a. m. on August 17, 1955, before the Oil Conservation Commission, hereinafter referred to as the "Commission".

NOW, on this 3rd day of October, 1955, the Commission, a quorum being present, having considered the records and testimony adduced, and being fully advised in the premises,

FINDS:

(1) That due notice of the time and place of hearing and the purpose thereof having been given as required by law, the Commission has jurisdiction of this case and the subject matter thereof.

(2) That pursuant to provisions of Rule 6 (a) of the Special Rules and Regulations for the Fulcher Kutz-Pictured Cliffs Gas Pool, of Order No. R-565, the Commission has power and authority to permit the formation of a gas proration unit consisting of other than a legal quarter section after notice and hearing by the Commission.

(3) That applicant's propose to establish a non-standard gas proration unit in the Fulcher Kutz-Pictured Cliffs Gas Pool, to consist of the following acreage:

Order No. R-698

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
W/2 of fractional Section 7

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
E/2 E/2 of fractional Section 12

containing 192.97 acres, more or less.

(4) That applicant, Angels Peak Oil Company has a producing well known as Angels Peak No. 19, located 890 feet from the North line and 990 feet from the East line of fractional Section 12, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico.

(5) That the aforesaid well has been completed and is producing within the horizontal limits or within one mile of the heretofore delineated and designated limits of the Fulcher Kutz-Pictured Cliffs Gas Pool.

(6) That applicant, Angels Peak Oil Company is the owner of the leasehold interest in the E/2 E/2 of fractional Section 12, Township 28 North, Range 11 West, and Congress Oil Company is the owner of the leasehold interest in the W/2 of fractional Section 7, Township 28 North, Range 10 West, NMPM, San Juan County, New Mexico.

(7) That on approval of this application, applicants propose to enter into communitization and operating agreements of standard form communitizing subject acreage and designating Angels Peak Oil Company as operator.

(8) That unless a proration unit consisting of aforesaid acreage is permitted, applicants will be deprived of the opportunity to recover their just and equitable share of the natural gas in the Fulcher Kutz-Pictured Cliffs Gas Pool.

(9) That creation of a proration unit consisting of the aforesaid acreage will not cause but will prevent waste, and will protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That the application of Angels Peak Oil Company and Congress Oil Company for approval of a non-standard proration unit consisting of the following described acreage in the Fulcher Kutz-Pictured Cliffs Gas Pool:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM
W/2 fractional Section 7

TOWNSHIP 28 NORTH, RANGE 11 WEST, NMPM
E/2 E/2 fractional Section 12

a total of 192.97 acres,

be and the same is hereby approved, and a proration unit consisting of aforesaid acreage is hereby created.

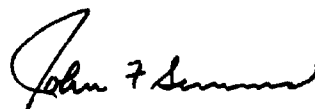
-3-

Order No. R-698

(2) That applicant's well, Angel Peak No. 19, located in the Fulcher Kutz-Pictured Cliffs Gas Pool, 990 feet from the north line and 990 feet from the East line in the NE/4 NE/4 of fractional Section 12, Township 28 North, Range 11 West, NMPM, San Juan County, New Mexico, shall be granted an allowable in the proportion that the above described 192.97 acre unit bears to the standard or orthodox proration unit for said pool, all until further order of the Commission.

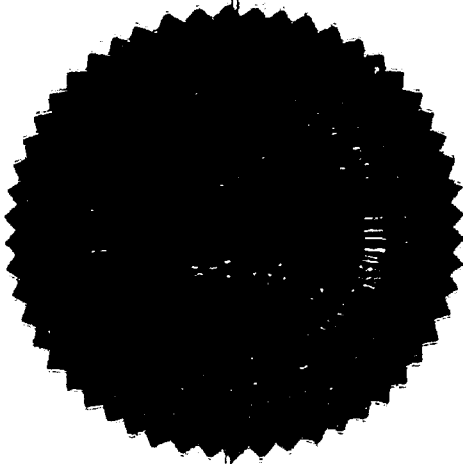
DONE at Santa Fe, New Mexico on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


JOHN F. SIMMS, Chairman


E. S. WALKER, Member


W. B. MACEY, Member and Secretary



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